

Service Date: March 11, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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TN THE MATTER Of The Application )  
Of The TOWN OF FAIRFIELD To ) UTILITY DIVISION  
Increase Water Rates. ) DOCKET NO. 80.9.56  
 ) ORDER NO.4769

APPEARANCES

FOR THE APPLICANT:

Gregory L. Curtis, Town Attorney, P O Box 70, Choteau,  
Montana 59472

FOR THE INTERVENORS:

James C. Paine, Montana Consumer Counsel, 34 W. Sixth Avenue,  
Helena, Montana 59620

FOR THE COMMISSION:

Calvin Simshaw, Staff .Attorney, 1227 - 11th avenue, Helena,  
Montana

BEFORE:

John B. Driscoll, Commissioner  
Clyde Jarvis, Commissioner  
Thomas J. Schneider, Commissioner

FINDINGS OF FACT

1. On September 8, 1980, the Town of Fairfield (Applicant)  
filed an application with this Commission for authority to  
increase rates and charges for water service in its  
Fairfield, Montana service area. The application sought a  
permanent annual revenue increase of approximately \$48,450,  
or approximately 207%.

2. On October 8, 1980 the Town, through its attorney, requested that this matter be scheduled for public hearing.

3. On December 5, 1980, the Commission issued a notice of public hearing on the Town's application. Pursuant to that notice, a hearing was held January 7, 1981 in the Town Hall, Fairfield, Montana.

4. On December 16, 1980, Gregory Curtis, Town Attorney, filed a request with this Commission that Public Service Commission Docket No. 6557 relating to an increase in the Town of Fairfield's water rates be re-opened and all files and records contained therein be incorporated and consolidated with this Docket. The Commission granted the Town's request at its regular agenda meeting of December 19, 1980.

5. Prior to the taking of testimony from any of the witnesses, the Town attorney made an opening statement requesting the Commission to allow incorporation of Public Service Commission Docket No. 6557 in this proceeding, explaining that the request for increased rates presently before this Commission is basically a continuation of that docket. He explained that Docket No. 6557 requested that the Town be allowed increased rates for a construction program to improve the source of the Town's water supply and that the construction program outlined in that docket had proven more costly than originally estimated and this was the reason the Town had requested the increase now under consideration.

6. The Town introduced eight exhibits and presented the following two witnesses:

Dave Heckler, Consulting Engineer, Thomas, Dean and Hoskins, Great Falls Montana, gave testimony relative to

the construction program that has been implemented by the Town to improve the source of the Town's water supply. He testified to the improvements that had been completed by the Town and the improvements that remained to be completed before the Town had an adequate source of supply.

Vernon LaValley, Mayor, Town of Fairfield, gave testimony relative to the water department's financial position and loan agreements that had been negotiated by the Town for the financing of the construction program to improve the source of supply.

7. No protestants appeared at the public hearings to offer testimony in opposition to the Town's proposed increase in water rates.

8. Mr. Heckler testified that the construction program outlined in Docket No. 6557 was 64% completed at the present time and that the \$464,230, which was the estimated construction cost, has been expended. He further stated that the estimated cost of completing the construction program was \$128,200.

9. Mr. LaValley testified that the Town had expended \$464,230 thus far on the construction to improve the source of the Town's water supply and that it was going to cost the Town another \$128,200 to complete the construction. He further stated that the Town has obtained financing for this construction program from the Farmers Home Administration.

10. Mr. LaValley stated that the cost to the Town for the FHA loans would total \$37,788 annually.

11. When ask why the requested increase in revenues annually was \$48,450 as opposed to the \$37,788 required to meet the debt service obligation for the construction program Mr. LaValley explained that the general fund had been subsidizing the water fund in the past and that it was important that the water fund be self supporting.

12. The Commission finds the Applicant's request for an annual revenue increase of \$48,450 to be reasonable.

13. In examining the Applicant's proposed rate structure the Commission notes that all flat rates have been increased, the minimum charge for metered customers has been increased but the block rates for metered customers remains the same as approved in Order No. 4435, Docket No. 6557. The Commission finds the proposed rate structure of the Applicant to be discriminatory in that it places an undue burden on flat rate customers.

14. The Commission finds the rate structure approved in Order No. 4435 to be fair and equitable and that the application of a uniform percentage increase to all rates approved in that order will not result in discrimination against any particular class of customer.

15. The Commission finds the application of a uniform 32% increase to all rates approved in Order No. 4435 will produce the revenue necessary for the Fairfield Water Department to meet its financial obligations.

#### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over parties and proceedings in this matter.

2. Interested persons were given proper notice and an opportunity to participate in these proceedings.

3. The rates approved herein are reasonable and just.

#### ORDER

NOW THEREFORE, at a session of the Public Service Commission, Department of Public Service Regulation of the State of Montana, held in its offices at 1227 - 11th Avenue, Helena, Montana, on the 5th day of March, 1981, there being present a quorum of the Commissioners, there came regularly before the Commission for final action the matters and things in Docket No. 80.9.56, and the Commission being fully advised in the premises;

IT IS ORDERED by the Commission that the Town of Fairfield shall file tariffs that yield total revenues of \$72,108 per year.

IT IS FURTHER ORDERED that the Town shall file rates that are consistent with Finding of Fact No. 15.

IT IS FURTHER ORDERED that a full, true and correct copy of this order be sent forthwith by first class mail to the Applicant and to all other parties appearing herein.

IT IS FURTHER ORDERED that the rates will be effective for water services rendered thirty (30) days after the completion of the loan agreement, outlined in Finding of Fact No. 9.

THE FOREGOING ORDER was adopted by the Department of Public Service Regulation of the State of Montana, Public Service

Commission, IN OPEN SESSION at Helena, Montana, this 9th day of March, 1981, by a 3-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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John B. Driscoll, Commissioner

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Clyde Jarvis, Commissioner

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Thomas J. Schneider, Commissioner

ATTEST:

Madeline L. Cottrill  
Secretary  
(SEAL)

NOTE:        You may be entitled to judicial review of the final decision in this matter. If no Motion For Reconsideration is filed judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion For Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. The Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38.2.4806, ARM.